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June 1, 2003

BEFORE THE BOARD OF MILK CONTROL  
OF THE STATE OF MONTANA  
ANNOUNCEMENT OF CLASS I, II & III PRODUCER PRICES



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PRODUCER CLASS I PRICE IN MONTANA

REF: ARM 32.24.301(5)

CLASS I PRICE FOR MILK TESTING 3.5%  
CLASS I BUTTERFAT PRICE PER POUND

\$12.29 /CWT  
\$1.18 /LB

EFFECTIVE JULY 1, 2003:

The minimum price to pay milk producers, under ARM 32.24.301, is \$12.29 per hundred pounds of milk testing 3.5% butterfat, f.o.b. the milk distributor's plant.

When milk does not test 3.5% butterfat, compute the applicable price by applying a differential of 11.8 cents for each one-tenth of one percent butterfat above or below the midpoint of each producer payment. The value of one pound of butterfat utilized will be \$1.18.

PRODUCER CLASS II PRICE IN MONTANA

REF: ARM 32.24.301(6)

CLASS II PRICE FOR MILK TESTING 3.5%

\$10.28 /CWT

Average spray process dry milk solids

price per pound = \$0.85000  
Multiplied by 2.2 x 8.2

\$6.97000

Last quote of the month for Grade AA butter

minus a differential of \$.0895 = \$1.01550  
Multiplied by 4.2 x 4.2

\$4.26510

LESS a make allowance of 8.5% ( \$11.2351 X .085)

Rounded to the nearest whole cent = \$10.28 /hundredweight.

STATE DOCUMENTS COLLECTION

JUN 10 2003

\$6.97000

MONTANA STATE LIBRARY  
1515 E 6th AVE  
HELENA, MONTANA 59621

+ \$4.26510

\$11.23510

- \$0.95498

\$10.28012

**CLASS II BUTTERFAT PRICE PER POUND****\$1.13 /LB**

Last quote of the month for Grade AA butter				
minus a differential of \$.0895	=	\$1.01550	X .111 )	=
Rounded to the nearest half cent				=
				\$0.11272
				\$0.113

Butterfat value per pound	
for milk at 3.5% test:	\$1.13

Hundredweight price of milk testing 3.5%	=	\$10.28
LESS 3.5 pounds of butterfat at	\$1.13 per pound	-
Value of 96.5 pounds of skim	=	\$6.325

CLASS II VALUE OF			
ONE POUND OF SKIM	6.325 / 96.5 pounds)	=	\$0.06554 /LB

**PRODUCER CLASS III PRICE IN MONTANA**

REF: ARM 32.24.301(7)

**CLASS III PRICE PER CWT FOR MILK TESTING 3.5%****\$8.77 /CWT**

3.5 pounds of butterfat	\$0.91 per pound =	\$3.185
96.5 pounds of skim	\$0.05785 per pound =	\$5.583
		\$8.768 /CWT

**CLASS III BUTTERFAT PRICE PER POUND****\$0.91 /LB**

Last quote of the month for Grade AA butter	
minus a difference of \$.0895	=
	\$1.01550
LESS 10%	-
	\$0.10155
	\$0.91395

Rounded to the nearest whole cent	=	\$0.91 per pound.
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**CLASS III PRICE PER CWT FOR SKIM MILK UTILIZED****\$5.78510 /CWT**

Avg. spray process dry milk solid price/lb :	\$0.85000
Multiplied by 8.2	8.2
	\$6.97000
LESS 17%	\$1.18490
	\$5.78510

Rounded to the nearest whole cent	\$5.79 per hundredweight.
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BY ORDER OF THE MONTANA MILK CONTROL BUREAU

Compiled by:

*Monte Nick*  
 Monte Nick, Bureau Chief  
 Montana Milk Control Bureau

## BREAKDOWN BY TEST FOR CLASS I, II &amp; III SKIM PRICES

CLASS I SKIM PRICE BASED ON \$12.29 FOR 3.5% MILK 96.5 LBS = \$8.160		CLASS II SKIM PRICE BASED ON \$10.28 FOR 3.5% MILK 96.5 LBS = \$6.325		CLASS III SKIM PRICE BASED ON \$8.77 FOR 3.5% MILK 96.5 LBS = \$5.583	
TEST	PRICE/LB	TEST	PRICE/LB	TEST	PRICE/LB
2.50	\$0.08369	2.50	\$0.06487	2.50	\$0.05726
2.55	\$0.08374	2.55	\$0.06491	2.55	\$0.05729
2.60	\$0.08378	2.60	\$0.06494	2.60	\$0.05732
2.65	\$0.08382	2.65	\$0.06497	2.65	\$0.05735
2.70	\$0.08386	2.70	\$0.06501	2.70	\$0.05738
2.75	\$0.08391	2.75	\$0.06504	2.75	\$0.05740
2.80	\$0.08395	2.80	\$0.06507	2.80	\$0.05743
2.85	\$0.08399	2.85	\$0.06511	2.85	\$0.05746
2.90	\$0.08404	2.90	\$0.06514	2.90	\$0.05749
2.95	\$0.08408	2.95	\$0.06517	2.95	\$0.05752
3.00	\$0.08412	3.00	\$0.06521	3.00	\$0.05755
3.05	\$0.08417	3.05	\$0.06524	3.05	\$0.05758
3.10	\$0.08421	3.10	\$0.06527	3.10	\$0.05761
3.15	\$0.08425	3.15	\$0.06531	3.15	\$0.05764
3.20	\$0.08430	3.20	\$0.06534	3.20	\$0.05767
3.25	\$0.08434	3.25	\$0.06537	3.25	\$0.05770
3.30	\$0.08438	3.30	\$0.06541	3.30	\$0.05773
3.35	\$0.08443	3.35	\$0.06544	3.35	\$0.05776
3.40	\$0.08447	3.40	\$0.06548	3.40	\$0.05779
3.45	\$0.08452	3.45	\$0.06551	3.45	\$0.05782
3.50	\$0.08456	3.50	\$0.06554	3.50	\$0.05785
3.55	\$0.08460	3.55	\$0.06558	3.55	\$0.05788
3.60	\$0.08465	3.60	\$0.06561	3.60	\$0.05791
3.65	\$0.08469	3.65	\$0.06565	3.65	\$0.05794
3.70	\$0.08474	3.70	\$0.06568	3.70	\$0.05797
3.75	\$0.08478	3.75	\$0.06571	3.75	\$0.05800
3.80	\$0.08482	3.80	\$0.06575	3.80	\$0.05803
3.85	\$0.08487	3.85	\$0.06578	3.85	\$0.05806
3.90	\$0.08491	3.90	\$0.06582	3.90	\$0.05809
3.95	\$0.08496	3.95	\$0.06585	3.95	\$0.05812
4.00	\$0.08500	4.00	\$0.06589	4.00	\$0.05815
4.05	\$0.08504	4.05	\$0.06592	4.05	\$0.05818
4.10	\$0.08509	4.10	\$0.06595	4.10	\$0.05821
4.15	\$0.08513	4.15	\$0.06599	4.15	\$0.05824
4.20	\$0.08518	4.20	\$0.06602	4.20	\$0.05827
4.25	\$0.08522	4.25	\$0.06606	4.25	\$0.05830
4.30	\$0.08527	4.30	\$0.06609	4.30	\$0.05833
4.35	\$0.08531	4.35	\$0.06613	4.35	\$0.05837
4.40	\$0.08536	4.40	\$0.06616	4.40	\$0.05840
4.45	\$0.08540	4.45	\$0.06620	4.45	\$0.05843
4.50	\$0.08545	4.50	\$0.06623	4.50	\$0.05846

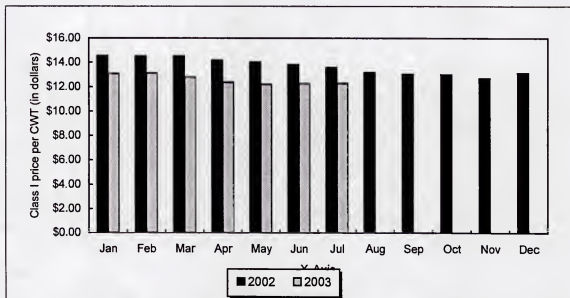
## PRODUCER CLASS I PRICE IN MONTANA

Charts below show a class I price comparison for 2002 and 2003

Statistics from the Montana Milk Control Bureau

Month	2002	2003	Difference	% Change
January	\$14.53	\$13.07	(\$1.46)	-10.05%
February	\$14.51	\$13.11	(\$1.40)	-9.65%
March	\$14.50	\$12.78	(\$1.72)	-11.86%
April	\$14.17	\$12.36	(\$1.81)	-12.77%
May	\$14.02	\$12.19	(\$1.83)	-13.05%
June	\$13.81	\$12.26	(\$1.55)	-11.22%
July	\$13.58	\$12.29	(\$1.29)	-9.50%
August	\$13.17			
September	\$13.03			
October	\$13.01			
November	\$12.70			
December	<u>\$13.15</u>			
Average	\$13.68	\$12.58	(\$1.58)	-11.16%

Prices are per hundredweight (CWT).

**Completion of pooling (prior to audit) shows the producer quota blend prices to be:**

APRIL 2003: class I = \$6.82; class II = \$1.26; Class III = \$2.89; total = \$10.97

(calculations based upon utilization percentages of butterfat &amp; skim)